



## III Accounting for Bonds

This chapter describes accounting procedures for Bond fund activity in CALSTARS.

### BACKGROUND

Bond issues are authorized and governed by statute. When bonds are authorized, the State Treasurer sells bonds. Funds received from bond sales are referred to as bond proceeds. The bond proceeds are available to one or more agencies according to the statute authorizing the sale. Because bonds are usually sold in large blocks (often \$100 million or more), the Treasurer invests any excess funds in the Surplus Money Investment Fund (SMIF). The invested funds earn interest, which is either revenue to the General Fund (General Obligation Bonds) or revenue to the fund where the bond proceeds reside.

### Legislation

Prior to October 22, 1987, laws for bonds and bond proceeds were less restrictive than for bonds sold after that date. When the Federal Tax Reform Act of 1986 was enacted, laws regarding the sale of bonds and the period in which funds may be held without interest changed dramatically. These changes and other legislation are discussed below.

#### Pre-Tax Reform Act Bond Proceeds

The pre-86 tax laws allow bond proceeds to earn interest for three years with no restrictions. After three years, the majority of the bond proceeds must be spent. If the majority is not spent, interest earned is subject to restrictions. If the majority of the proceeds are spent, the portion remaining can earn interest without restrictions.

#### Post-Tax Reform Act Bond Proceeds

The Federal Tax Reform Act of 1986 changed the law for bonds sold after October 22, 1987. Interest earned on these bond proceeds became subject to rebate to the Federal government. The State Treasurer adopted new policies for the treatment of Bond funds. When a bond issue has been authorized, the State Treasurer may:

- ✧ Request the benefiting agency to forecast their cash needs;
- ✧ Make short-term loans from the Pooled Money Investment Account (PMIA) at the prevailing rate of interest to pay obligations on a current basis;
- ✧ Periodically market blocks of bonds; and,
- ✧ Direct the proceeds to retire part of the short-term debt incurred.

**SB 1337, Chapter 697, Statutes of 1995**

This legislation gave the State Treasurer the ability to issue Commercial Paper notes to provide interim financing. Commercial paper notes are short-term. The maturity date must be within 12 months and shall not occur more than 120 days after the end of the fiscal year in which the commercial paper was issued. Interest rates are typically less than interest rates on long-term bonds or PMIA loans.

**ACCOUNTING PROCEDURES FOR BONDS**

The following sections describe how the State Controller's Office (SCO) and CALSTARS account for bonds.

**SCO Accounts**

Based on the provisions of the authorizing bond act, the SCO determines how to account for each bond issue. The SCO establishes separate sub-funds for each bond sale to help the State Treasurer's Office track both bond expenditures and revenues. Unless there are restrictions, the SCO typically establishes the following sub-funds.

**Pre-Tax Reform Act Bond Proceeds Sub-Fund**

Bond proceeds from the sale of bonds prior to October 22, 1987 are posted to this sub-fund. Transfers to reimburse the expenditure sub-fund are also posted as payments occur. The SCO fund/sub-fund coding convention is **nnnn30n**. The first four digits are the fund, and the last three digits are the sub-fund.

**Post-Tax Reform Act Bond Proceeds Sub-Fund**

Bond proceeds from the sale of bonds on or after October 22, 1987 are posted to this sub-fund, as well as transfers to repay a PMIA loan or to reimburse the expenditure sub-fund. The SCO fund/sub-fund coding convention is **nnnn40n**. The first four digits are the fund, and the last three digits are the sub-fund.

**PMIA Loan Proceeds Sub-Fund**

Loan activity from the Pooled Money Investment Account and Transfers-In/Transfers-Out to other sub-funds are posted to this sub-fund. The SCO fund/sub-fund coding convention is **nnnn5nn**. The first four digits are the fund, and the last three digits are the sub-fund.

The SCO uses the following 2-digit category codes within the PMIA Loan Proceeds Sub-fund and other sub-funds for further classification:

Category	Description
11	Loan proceeds account
12	Amount transferred from bond/or loan proceeds
13	Income from SMIF/Other (not applicable to General Obligation bonds)
14	Expenditure reimbursements
18	Reservation-loan amount

The Category codes above are sometimes used in other types of sub-funds, but may have different titles. The title(s) is determined by the type of sub-fund it resides in. Because the 2-digit SCO Category codes are not standard UCM accounts, they are identified in CALSTARS by the 2-digit Account Type in the AS Table.

#### **PMIA Loan Proceeds Sub-Fund (Eligible For Commercial Paper)**

The State Treasurer issues Commercial Paper periodically to pay down the loan amount. When this occurs, loan activity from the PMIA posts to this sub-fund. Transfers-In and Transfers-Out to other sub-funds are also posted to this sub-fund. The SCO fund/sub-fund coding convention is **nnnn7nn**. The first four digits are the fund, and the last three digits are the sub-fund.

The same category codes identified above for the PMIA Loan Proceeds Sub-fund also apply to this sub-fund.

#### **Upfront Bond Sales Proceeds Sub-Fund**

Bond proceeds from the sale of construction bonds, in the absence of a PMIA loan and/or in excess of a PMIA loan repayment, are posted to this sub-fund. Transfers to reimburse the expenditure sub-fund are also posted as payments occur. Upfront bond sales proceeds are sometimes used to repay PMIA loans. The SCO fund/sub-fund coding convention is **nnnn33n**. The first four digits are the fund, and the last three digits are the sub-fund.

The SCO Category codes used within this sub-fund are:

Category	Description
11	Transfer to bond expenditures - construction
12	Transfer to bond expenditures - non-construction
13	Income from SMIF (not applicable to General Obligation bonds)
15	Transfer to loan proceeds account
17	Interest earnings of locals
18	Reservation-bond proceeds
19	Condemnation (Fund 0910) earnings

#### **Taxable Bond Sale Proceeds Sub-Fund**

Bond proceeds derived from the sale of bonds that are not tax exempt, including any upfront bond sale proceeds, are posted to this sub-fund. The SCO fund/sub-fund coding convention is **nnnn60n**. The first four digits are the fund, and the last three digits are the sub-fund.

#### **Bond Expenditures Sub-Fund**

Encumbrances, liabilities and expenditures, as well as the transfers and reimbursements that fund them, post to this sub-fund. All Bond funds have an Expenditure sub-fund. Typically there is only one Expenditure sub-fund per fund, regardless of how many sub-funds for bond and loan proceeds exist within the fund. The SCO fund/sub-fund coding convention is **nnnn00n**. The first four digits are the fund, and the last three digits are the sub-fund.

## **CALSTARS Activities**

The following sections provide instructions for recording bond accounting activity. However, due to the diversity of the statutes that govern the bonds, every possible accounting event may not be included. Agencies should work directly with the SCO to ensure that their CALSTARS account structure is as close to the SCO's account structure as possible.

### **ESTABLISHING TABLES**

The following tables are established in CALSTARS for bond accounting activity. Refer to Volume 2, Chapter IV, Table Maintenance, for more information.

#### **DT 23-Fund Detail**

A unique Fund Detail number must be established in CALSTARS for each sub-fund established by SCO.

Since SCO's sub-fund numbers are three digits and the CALSTARS' Fund Detail field is two digits, agencies must establish a two-digit convention for each three-digit SCO sub-fund. Agencies must also manually change the two-digit Fund Detail number to the three digit SCO number prior to submitting documents to the SCO, e.g., claim schedules, financial statements.

**Note:** When establishing a Fund Detail, the Appropriation Fund Level Indicator **must** be **1**. If not, accounting transactions cannot be recorded and reported at Fund Detail level.

#### **DT 32-Subsidiary**

Establish Subsidiaries for the following GLs, if needed:

- GL 1400-Due From Other Funds
- GL 3110-Due To Other Funds
- GL 9811 Operating Transfers In
- GL 9812 Operating Transfers Out

Refer to Volume 1, Chapter V, and Volume 2, Chapter IV-DT, for information on establishing a Subsidiary. The Subsidiary is **nnnn0000**, where nnnn is the 4-digit UCM fund number of the fund from which monies are transferred to or from.

#### **D33-Source (Statewide Table)**

Source codes are required for Bond entries that post to the following GL accounts:

GL 8000-Revenue  
 GL 9811-Operating Transfers In  
 GL 9830-Other Sources,  
 GL 9000-Expenditures (Abatement transactions)

Source codes are established by CALSTARS in accordance with the Uniform Codes Manual (UCM). To request the addition of a Source code to the D33 table, call the CALSTARS Hotline at (916) 327-0100 (CNET 467-0100) or e-mail the request to [HOTLINE@dof.ca.gov](mailto:HOTLINE@dof.ca.gov). Refer to the UCM or Volume 2, Chapter IV-DT for more information.

### **Appropriation Symbol Table**

A unique Appropriation Symbol (AS) must be established for each combination of SCO fund, sub-fund, and category. Like other types of appropriations, a minimum of one Appropriation Symbol number should be established for each SCO detail account.

When establishing Appropriation Symbol records, the CALSTARS Account Type should be the same as the SCO Category. If the SCO Category is blank, use the chart below to determine the CALSTARS Account Type. Refer to Volume 2, Chapter IV-AS, for more information.

<b>If SCO Category is:</b>	<b>For SCO Account Type:</b>	<b>CALSTARS Account Type is:</b>
<b>Blank</b>	<b>D</b> (Disbursement) or <b>T</b> (Transfers-out)	<b>00</b>
<b>Blank</b>	<b>R</b> (Revenue and Transfers-in)	<b>RR</b>

### **PA Table**

At least one Program Cost Account (PCA) must be established for each AS Table record. For PCAs that record transfers, reimbursement, or revenue activity, the Disbursement Fund Segment is coded the same as the Fund Split Distribution Segment on the PA Table. To record support expenditure activity, the Disbursement Fund Segment may be coded differently than the Fund Split Distribution Segment if a Clearing Account or Working Capital Account is used. Refer to Volume 2, Chapter IV-PA, for more information.

### **Other Tables**

Other table entries (e.g., Index Code, Project Control) may be established to identify bond fund activity. For example, an Index Code may be established to identify specific bond activity.

**RECONCILIATION**

Monthly account reconciliations between the SCO and CALSTARS must be performed using the SCO Agency Reconciliation Report and the CALSTARS DB2 and H02 or DB1 and HB4 (requested by Fund Detail) reports. An additional General Ledger reconciliation must be performed for non-shared funds. The SCO Fund Reconciliation Report and the G01 (requested at Fund level) is used for this reconciliation. Differences may be investigated by looking at the H02 or HG1 reports. For more information about these monthly reconciliations, refer to Volume III, Chapter VII.

**YEAR-END REPORTING**

A complete set of financial statements for each sub-fund must be prepared at year-end. However, differences in GL 1140 between SCO and the agency for non-shared bond funds are identified on Report No. 3, Adjustments to Controller's Accounts. The report is submitted at fund level; therefore, only **one** Report 3 is submitted for all sub-funds.

In addition to a complete set of financial statements for each sub-fund, agencies must request and submit a G02, Pre-Closing Trial Balance and Post-Closing Trial Balance at fund level (0-0-0-1).

The Q26 Report (Report No. 4 - Year-end Statement of Revenue) does not display receipts for GL 9830-Other Sources. Receipts for GL 9830 should not be added to Report No. 4.

**ACCOUNTING EVENTS**

The following exhibits display common accounting events in two categories. Bond accounting activity that does not have a corresponding PMIA loan is displayed in Exhibit III-1. Bond accounting activity that has a corresponding PMIA loan is displayed in Exhibit III-2. A flow chart, a listing of transaction codes/journal entries and their explanations, and T accounts are included in each exhibit. The accounting events and corresponding CALSTARS transaction codes are listed in the order they normally occur. If your agency receives a SCO Journal Entry that is not described in these procedures, please contact the CALSTARS Hotline for help.

EXHIBIT III-1  
BOND FUND ACCOUNTING ACTIVITIES - NO PMIA LOAN

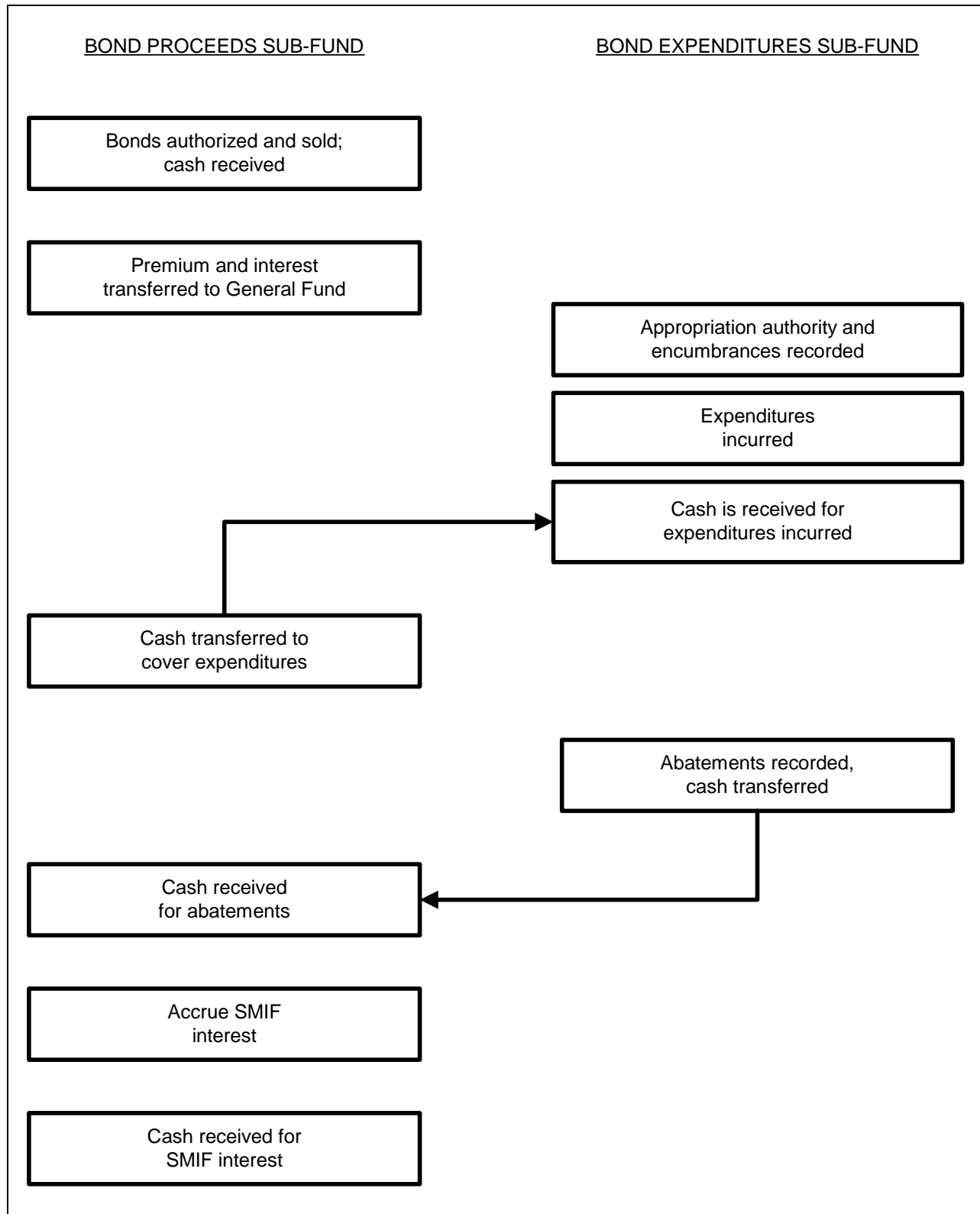


EXHIBIT III-1 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES - NO PMIA LOAN

	<b>Record authorization of bonds (voter approval) in the <u>bond proceeds sub-fund</u>:</b>	
1	Record the authorization: TC B01 - Bond Act is Chaptered Dr. 2774 Bonds Authorized-Unissued Cr. 2780 Provision for Unissued Authorized Securities	Optional. Agencies may record this information in their accounting records.
	<b>Record an adjustment to the original authorized amount in the <u>bond proceeds sub-fund</u>:</b>	
2A	Record an increase to the original authorized amount: TC B10 - Bond Act Adjustment to Increase Dr. 2774 Bonds Authorized-Unissued Cr. 2780 Provision for Unissued Authorized Securities	Optional. This entry is used only if Entry #1 was done.
2B	Record a decrease to the original authorized amount: TC B11 - Bond Act Adjustment to Decrease Dr. 2780 Provision for Unissued Authorized Securities Cr. 2774 Bonds Authorized-Unissued	Optional. This entry is used only if Entry #1 was done.
	<b>Record the Sale of Bonds in the <u>bond proceeds sub-fund</u>:</b>	
3A	Record reduction of bonds authorized when bonds are sold: TC B07 - Reduce Bonds Authorized When Sell Bonds Dr. 2780 Provision for Unissued Authorized Securities Cr. 2774 Bonds Authorized-Unissued	Optional. This entry is used only if Entry #1 was done.
3B	Record an original appropriation: TC 010 - Record an Original Appropriation Dr. 6120 Appropriations-Offset Cr. 6110 Appropriations	The SCO posts this as: Dr. 5510 - Fund Balance-Appropriated Cr. 6030 - Appropriations
3C	Record receipt of monies from bond sale: (1) TC 112 - Record SCO Collection of Other Sources Dr. 1140 Cash in State Treasury Cr. 9830 Other Sources	Use Source <b>520000</b> . This entry is for the <u>par value</u> of the bond. The SCO may use GL 9839 instead of GL 9830.
	(2) TC B08 - Accrue Premium/Interest on G. O. Bond Dr. 1140 Cash in State Treasury Cr. 3110 Due to Other Funds or Appropriations	This entry is for the <u>premium</u> received on the bond sale that will be transferred to the General Fund.
	(3) TC B08 - Accrue Premium/Interest on G. O. Bond Dr. 1140 Cash in State Treasury Cr. 3110 Due to Other Funds or Appropriations	This entry is for the <u>accrued interest</u> purchased at the time of sale that will be transferred to the General Fund.



EXHIBIT III-1 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES - NO PMIA LOAN

<b>Record transfer of Premium and Interest recorded in Entries 3C(2) and 3C(3) to General Fund in the <u>bond proceeds sub-fund</u>:</b>		
4A	Record the <u>premium</u> received on the bond sale transferred to the General Fund: TC B09 - Transfer Premium/Interest on G. O. Bond Dr. 3110 Due to Other Funds or Appropriations Cr. 1140 Cash in State Treasury	Optional. This entry is used only if Entry #1 was done.
4B	Record <u>accrued interest</u> received on the bond sale transferred to the General Fund: TC B09 - Transfer Premium/Interest on G. O. Bond Dr. 3110 Due to Other Funds or Appropriations Cr. 1140 Cash in State Treasury	Optional. This entry is used only if Entry #1 was done.
<b>Record Appropriation Expenditure authority based on Budget Act or statute in the <u>bond expenditure sub-fund</u>:</b>		
5	Record an original appropriation: TC 010 - Record an Original Appropriation Dr. 6120 Appropriations-Offset Cr. 6110 Appropriations	
<b>Record Encumbrances for future Expenditures in the <u>bond expenditure sub-fund</u>:</b>		
6	Record an original encumbrance: TC 211 - Record an Original Encumbrance Dr. 6150 Encumbrances Cr. 6155 Encumbrances - Offset	Entries to record year-end expenditure accruals may be needed. Refer to Volume 7 for the appropriate TCs.
<b>NOTE:</b> The SCO records entries 7 and 8 simultaneously.		
<b>Record Expenditures in the <u>bond expenditure sub-fund</u>:</b> Entries for disbursements applicable to year-end expenditure accruals may be needed. Refer to Volume 7 for appropriate TCs.		
7A	Claim schedule is submitted for payment of encumbered expenditures: TC 232 - Record Auto Scheduling Expend Prev Encumbered -OR- TC 243 - Record Manual Scheduling of Exp Prev Encumbered Dr. 9000 Appropriation Expenditures Cr. 3021 Claims in Process Dr. 6155 Encumbrances - Offset Cr. 6150 Encumbrances	Use current procedures to record claims filed, claims paid and claim correction entries.

EXHIBIT III-1 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES - NO PMIA LOAN

7B	Claim schedule is submitted for payment of expenditures (no encumbrance): TC 231 - Record Auto Sched Exp Not Prev Encumb or Accrued -OR- TC 240 - Record Manual Sched of Exp Not Prev Enc or Accrued Dr. 9000 Appropriation Expenditures Cr. 3021 Claims in Process	Use current procedures to record claims filed, claims paid and claim correction entries.
7C	Direct payment by SCO of encumbered expenditures: TC 245 - Record SCO Pay of Expenditure Prev Encumbered Dr. 9000 Appropriation Expenditures Cr. 1140 Cash in State Treasury Dr. 6155 Encumbrances - Offset Cr. 6150 Encumbrances	Use current procedures to record claims filed, claims paid and claim correction entries.
7D	Direct payment by SCO of expenditures (no encumbrance): TC 242 - Record Direct SCO Pay of Exp Not Prev Enc or Accrued Dr. 9000 Appropriation Expenditures Cr. 1140 Cash in State Treasury	Use current procedures to record claims filed, claims paid and claim correction entries.
<b>Record transfer of money for Expenditures recorded in Entry 7:</b>		
8A	Record Operating Transfers Out in the <u>bond proceeds sub-fund</u> : TC 481 – Record Operating Transfers Out Dr. 9812 Operating Transfers Out Cr. 1140 Cash in State Treasury	Use Object Detail <b>626</b> . This entry is posted from the SCO journal entry. Use Subsidiary <b>nnnn0000</b> , where nnnn identifies the transferee fund to receive the transfer.
8B	Record cash received (from Operating Transfers In or Reimbursements) for expenditures incurred in the <u>bond expenditures sub-fund</u> : TC 483 - Record Operating Transfers In Dr. 1140 Cash in State Treasury Cr. 9811 Operating Transfers In <u>Or</u> TC 118 – Record Reimbursements Dr. 1140 Cash in State Treasury Cr. 8100 Reimbursements	Use TC 483. Use Source <b>3nnnn0</b> . This entry is posted from the SCO's journal entry. Use Subsidiary <b>nnnn0000</b> , where nnnn identifies the transferor fund.  Use TC 118. Use Source <b>991913</b> . SCO will normally use Category 92 to separate reimbursements for bond funds from regular appropriation reimbursements in Category 90. If SCO sets up a budget for the reimbursement, use TC 020 to record.

EXHIBIT III-1 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES - NO PMIA LOAN

	<b>Record abatement of Expenditures:</b>	
9A	<p>If SCO collection: If appropriation is <u>reverted</u>, record receipt of monies and return of Operating Transfers In to the <u>bond expenditures sub-fund</u>:</p> <p>(1) TC 152 - Record SCO Receipt for Reverted Appropriation Dr. 1140 Cash in State Treasury Cr. 9891 Refund to Reverted Appropriations` <b>AND</b></p> <p>(2) TC 485 - Record Return of Operating Transfers In Dr. 9811 Operating Transfers In Cr. 1140 Cash in State Treasury <b>OR</b></p>	<p>Use Source <b>570000</b>. If agency collection, enter: TC 107 - Record Cash Receipts as Refund to Reverted Appropriation Use current procedures for Cash in Transit and Cash in State Treasury entries.</p> <p>Entry (2) is not made until the Remittance Advice is recorded at the SCO and a journal entry is issued showing the transfer. Use Source <b>3nnnnn</b>, the same as used in Entry #8B. Use Subsidiary <b>nnnn0000</b>, where nnnn identifies the transferor fund making the transfer.</p>
	<p>If agency collection: (3) TC 107 - Record Cash Receipts as Refund to Reverted Appropriation Dr. 1110 General Cash Cr. 9891 Refunds To Reverted Appropriations</p>	<p>Use Source <b>570000</b>.</p>
9B	<p>If appropriation is <u>not reverted</u>, record receipt of monies and return of Operating Transfers In in the <u>bond expenditures sub-fund</u>:</p> <p>(1) TC 116 - Record SCO Collection of Abatements Dr. 1140 Cash in State Treasury Cr. 9000 Appropriation Expenditures <b>AND</b></p> <p>(2) TC 485 - Record return of Operating Transfers In Dr. 9811 Operating Transfers In Cr. 1140 Cash in State Treasury</p>	<p>Use Source <b>58nnnn</b>. If agency collection, enter: TC 104 - Record Cash Receipts as Expend Abate (Not Billed) Use current procedures for Cash in Transit and Cash in State Treasury entries.</p> <p>Entry (2) is not made until the Remittance Advice is recorded at the SCO and a journal entry is issued showing the transfer. Use Source <b>3nnnnn</b>, the same as used in Entry #8B. Use Subsidiary <b>nnnn0000</b>, where nnnn identifies the transferor fund making the transfer.</p>
9C	<p>Record return of Operating Transfers Out (appropriation is open or reverted) in the <u>bond proceeds sub-fund</u>: TC 486 - Record Return of Operating Transfers Out Dr. 1140 Cash in State Treasury Cr. 9812 Operating Transfers Out</p>	<p>Use Object Detail <b>626</b>. Use Subsidiary <b>nnnn0000</b>, where nnnn identifies the transferee fund to receive the transfer.</p>

EXHIBIT III-1 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES - NO PMIA LOAN

	<b>Record accrued SMIF Interest earnings on June 30th in the <u>bond proceeds sub-fund</u>:</b>	
10	Record accrued SMIF interest earned: TC 176 - Record Amount Due From Other Funds - Revenue Dr. 1400 Due From Other Funds or Appropriations (SMIF) Cr. 8000 Revenue	Use Source <b>250300</b> . SCO may use Source <b>215030</b> .
	<b>Record collection of SMIF Interest earnings on bonds in <u>bond proceeds sub-fund</u>:</b>	
11 A	If interest was accrued: TC 135 - SCO Receipt of Due From Other Funds - Revenue Dr. 1140 Cash in State Treasury Cr. 1400 Due From Other Funds or Appropriations (SMIF)	Use Source <b>250300</b> . SCO may use Source <b>215030</b> .
11 B	If interest was not accrued: TC 136 - Record SCO Collection of Revenue (Not Billed) Dr. 1140 Cash in State Treasury Cr. 8000 Revenue	Use Source <b>250300</b> . SCO may use Source <b>215030</b> .

EXHIBIT III-1 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES - NO PMIA LOAN

<u>ACCOUNTING EVENT</u>	<u>TRANSACTION CODE</u>	
	<u>Bond Proceeds Sub-Fund</u>	<u>Bond Expenditure Sub-Fund</u>
1. Bonds are authorized but not issued	B01 (optional)	
2. Record an adjustment to the original authorized amount		
A. Increase	B10 (optional)	
B. Decrease	B11 (optional)	
3. Record Sale of Bonds		
A. Reduce Bonds Authorized when bonds sell	B07 (optional)	
B. Record original appropriation	010	
C. (1) Par value	112	
(2) Premium	B08	
(3) Interest	B08	
4. Transfer of premium and interest from bond sale to GF		
A. Premium	B09	
B. Interest	B09	
5. Record appropriation expenditure authority		010
6. Record encumbrances for future expenditures		211
7. Record expenditures		
A. Claim schedule submitted; liquidate encumbrance		232 or 243
B. Claim schedule submitted; no encumbrance		231 or 240
C. Direct SCO payment; liquidate encumbrance		245
D. Direct SCO payment; no encumbrance		242
8. Record transfer of monies to cover expenditures in #7		
A. Transfers-Out	481	
B. Transfers-In or Reimbursement		483 or 118
9. Record expenditure abatement		
A. If appropriation is reverted		
(1) Record SCO Receipt		152
(2) Record return of Operating Transfers In		485
B. If appropriation is open		
(1) Record SCO collection of abatements		116
(2) Record return of Operating Transfers In		485
C. If appropriation is reverted or open		
(1) Record return of Operating Transfers Out	486	
10. Record accrued SMIF Interest earnings on June 30th	176	
11. Record collection of SMIF Interest earnings		
A. Accrued	135	
B. Not accrued	136	

EXHIBIT III-1 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES - NO PMIA LOAN

BOND PROCEEDS SUB-FUND							
1140 Cash in State Treasury		1400 Due From Other Funds		2774 Bonds Authorized-Unissued		2780 Prov Unissued Auth Securities	
3C(1)	4A	10	11A	1			1
3C(2)	4B			2A	2B	2B	2A
3C(3)	8A				3A	3A	
9C							
11A							
11B							
3110 Due to Other Funds		6110 Appropriations		6120 Appropriations-Offset		3021 Claims in Process	
4A	3C(2)		3B	3B			
4B	3C(3)						
8000 Revenue		9812 Operating Transfers Out		9830 Other Sources			
	10	8A	9C		3C(1)		
	11B						
BOND EXPENDITURES SUB-FUND							
1140 Cash in State Treasury		3021 Claims in Process		6110 Appropriations		6120 Appropriations-Offset	
8B	7C		7A		5	5	
9A(1)	7D		7B				
9B(1)	9A(2)						
	9B(2)						
6150 Encumbrances		6155 Encumbrances-Offset		9000 Expenditures		9811 Operating Transfers-In	
6	7A	7A	6	7A	9B(1)	9A(2)	8B
	7C	7C		7B		9B(2)	
				7C			
				7D			
9891 Reverted Appropriations		8100 Reimbursements					
	9A(1)		8B				

EXHIBIT III-2  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

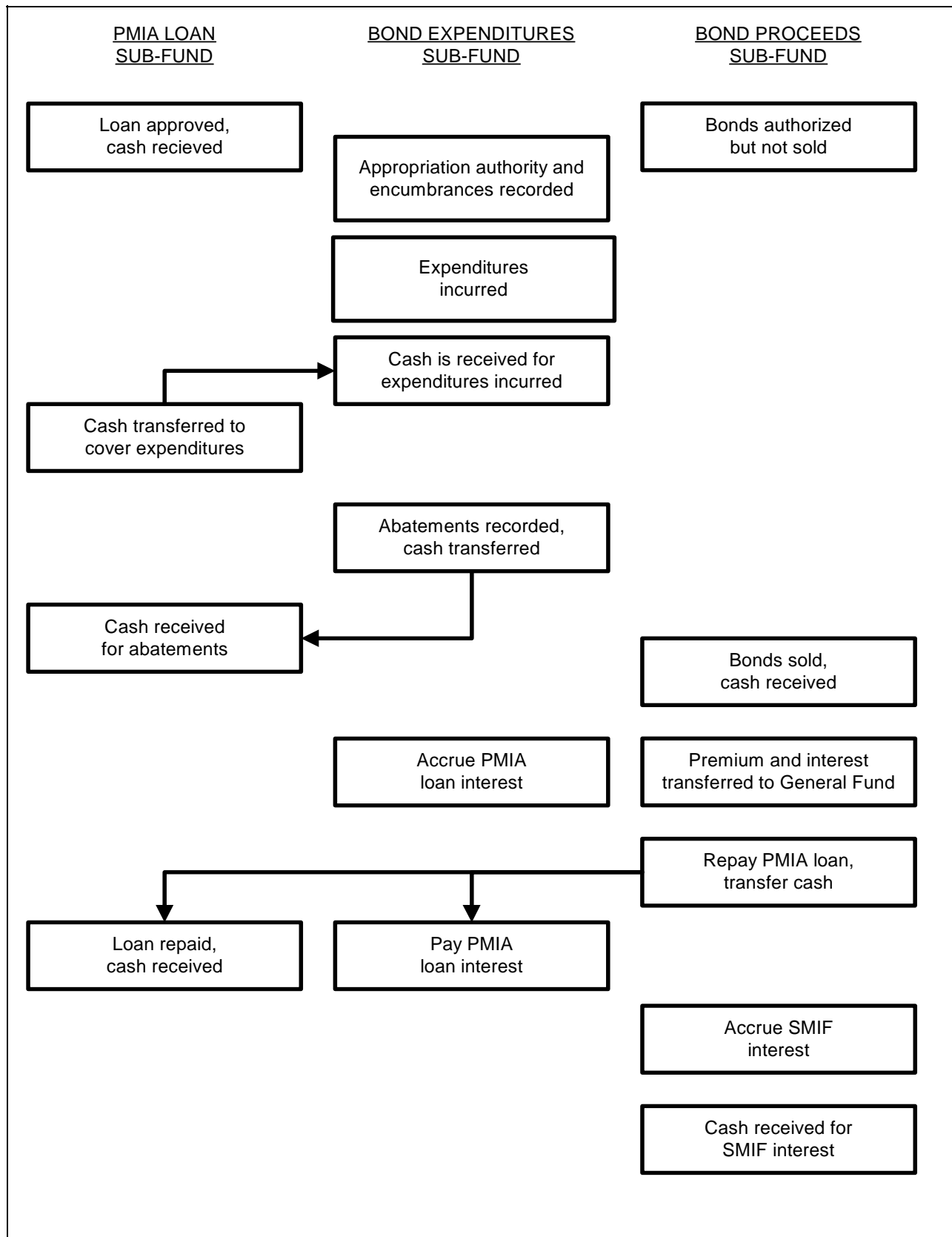


EXHIBIT III-2 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

<b>Record authorization of bonds (voter approval) in the <u>bond proceeds sub-fund</u>:</b>		
1	Record bond authorization: TC B01 - Bond Act is Chaptered Dr. 2774 Bonds Authorized-Unissued Cr. 2780 Provision for Unissued Authorized Securities	Optional. Agencies may record this information in their accounting records.
<b>Record an adjustment to the original authorized amount in the <u>bond proceeds sub-fund</u>:</b>		
2A	Record an increase to the original authorized amount: TC B10 - Bond Act Adjustment to Increase Dr. 2774 Bonds Authorized-Unissued Cr. 2780 Provision for Unissued Authorized Securities	Optional. This entry is used only if Entry #1 was done.
2B	Record a decrease to the original authorized amount: TC B11 - Bond Act Adjustment to Decrease Dr. 2780 Provision for Unissued Authorized Securities Cr. 2774 Bonds Authorized-Unissued	Optional. This entry is used only if Entry #1 was done.
<b>Record PMIA loan in <u>PMIA loan proceeds sub-fund</u>:</b>		
3A	Record receipt of PMIA loan: TC B02 - Record receipt of PMIA Loan Dr. 1140 Cash in State Treasury Cr. 3610 PMIA Loans Payable	Use Object Detail <b>626</b> . If this loan is to replace an existing PMIA loan, refer to Entry #12.
3B	Record an original appropriation: TC 010 - Record an Original Appropriation Dr. 6120 Appropriations-Offset Cr. 6110 Appropriations	If this loan is to replace an existing PMIA loan, refer to Entry #12.
<b>Record appropriation expenditure authority based on Budget Act or statute. Entries are in <u>bond expenditure sub-fund</u>:</b>		
4	Record original appropriation: TC 010 - Record an Original Appropriation Dr. 6120 Appropriations-Offset Cr. 6110 Appropriations	



EXHIBIT III-2 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

	<b>Record encumbrances for future expenditures or the accrual of expenditures. Entries are in <u>bond expenditure sub-fund</u>:</b>	
5	Record original encumbrance: TC 211 - Record an Original Encumbrance Dr. 6150 Encumbrances Cr. 6155 Encumbrances - Offset	Entries to record year-end expenditure accruals may be needed. Refer to Volume 7 for the appropriate TCs.
	<b>NOTE:</b> The SCO records entries 6 and 7 simultaneously.	
	<b>Record expenditures in the <u>bond expenditure sub-fund</u>:</b> Entries to record disbursements applicable to year-end expenditure accruals may be needed. Refer to Volume 7 for appropriate TCs.	
6A	Claim schedule is submitted for payment of encumbered expenditures: TC 232 - Record Auto Scheduling Expend Prev Encumbered -OR- TC 243 - Record Manual Scheduling of Exp Prev Encumbered Dr. 9000 Appropriation Expenditures Cr. 3021 Claims in Process Dr. 6155 Encumbrances - Offset Cr. 6150 Encumbrances	Use current procedures to record claims filed, claims paid and claim correction entries.
6B	Claim schedule is submitted for payment of expenditures (no encumbrance): TC 231 - Record Auto Sched Exp Not Prev Encumb or Accrued -OR- TC 240 - Record Manual Sched of Exp Not Prev Enc or Accrued Dr. 9000 Appropriation Expenditures Cr. 3021 Claims in Process	Use current procedures to record claims filed, claims paid and claim correction entries.
6C	Direct payment by SCO of encumbered expenditures: TC 245 - Record SCO Pay of Expenditure Prev Encumbered Dr. 9000 Appropriation Expenditures Cr. 1140 Cash in State Treasury Dr. 6155 Encumbrances - Offset Cr. 6150 Encumbrances	Use current procedures to record claims filed, claims paid and claim correction entries.
6D	Direct payment by SCO of expenditures (no encumbrance): TC 242 - Record Direct SCO Pay of Exp Not Prev Enc or Accrued Dr. 9000 Appropriation Expenditures Cr. 1140 Cash in State Treasury	Use current procedures to record claims filed, claims paid and claim correction entries.

EXHIBIT III-2 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

	<b>Record transfer of money to cover expenditures recorded in Entry #6:</b> If a Claim Correction is received from the SCO, a reversal of each entry is needed.	
7A	Record Operating Transfers Out in the <u>bond proceeds sub-fund</u> : TC 481 - Record Operating Transfers Out Dr. 9812 Operating Transfers Out Cr. 1140 Cash in State Treasury	Use Object Detail <b>626</b> . This entry is posted from the SCO journal entry. Use Subsidiary <b>nnnn0000</b> , where nnnn identifies the transferee fund to receive the transfer.
7B	Record cash received (from Operating Transfers In or Reimbursements) to cover expenditures incurred in the <u>bond expenditures sub-fund</u> : TC 483 - Record Operating Transfers In Dr. 1140 Cash in State Treasury Cr. 9811 Operating Transfers In <u>Or</u> TC 118 – Record Reimbursements Dr. 1140 Cash in State Treasury Cr. 8100 Reimbursements	Use TC 483. Use Source <b>3nnnn0</b> . This entry is posted from the SCO's journal entry. Use Subsidiary <b>nnnn0000</b> , where nnnn identifies the transferor fund.  Use TC 118. Use Source <b>991913</b> . SCO will normally use Category <b>92</b> to separate reimbursements to bond funds from regular appropriation reimbursements in Category 90. If SCO sets up a budget for the reimbursement, use TC 020 to record.
	<b>Record abatement of expenditures:</b>	
8A	If SCO collection: If appropriation is <u>reverted</u> , record receipt of monies and return of Operating Transfers In to the <u>bond expenditures sub-fund</u> : (1) TC 152 - Record SCO Receipt for Reverted Appropriation Dr. 1140 Cash in State Treasury Cr. 9891 Refund to Reverted Appropriations <b>AND</b> (2) TC 485 - Record return of Operating Transfers In Dr. 9811 Operating Transfers In Cr. 1140 Cash in State Treasury <b>OR</b>	Entry (2) is not made until the Remittance Advice is recorded at the SCO and a journal entry is issued showing the transfer. Use Source <b>3nnnnn</b> , the same as used in Entry #7B. Use Subsidiary <b>nnnn0000</b> , where nnnn identifies the transferor fund making the transfer.
	If agency collection: (3) TC 107 - Record Cash Receipts as Refund to Reverted Appropriation Dr. 1110 General Cash Cr. 9891 Refunds To Reverted Appropriations	Use Source <b>570000</b> . Use current procedures for Cash in Transit and Cash in State Treasury entries.

EXHIBIT III-2 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

8B	<p>If SCO collection: If appropriation is <u>not</u> reverted, record receipt of monies and return of Operating Transfers In in the <u>bond expenditures sub-fund</u>:</p> <p>(1) TC 116 - Record SCO Collection of Abatements Dr. 1140 Cash in State Treasury Cr. 9000 Appropriation Expenditures</p> <p style="text-align: center;"><b>AND</b></p>	
	<p>(2) TC 485 - Record Return of Operating Transfers In Dr. 9811 Operating Transfers In Cr. 1140 Cash in State Treasury</p> <p style="text-align: center;"><b>OR</b></p>	Entry (2) is not made until the Remittance Advice is recorded at the SCO and a journal entry is issued showing the transfer. Use Source <b>3nnnnn</b> , the same as used in Entry #7B. Use Subsidiary <b>nnnn0000</b> , where nnnn identifies the transferor fund making the transfer.
	<p>If agency collection: (3) TC 104 - Record Cash Receipts as Expend Abate (Not Billed) Dr. 1110 General Cash Cr. 9000 Appropriation Expenditures</p>	Use Source <b>58nnnn</b> . Use current procedures for Cash in Transit and Cash in State Treasury entries.
8C	<p>Record return of Operating Transfers Out (appropriation is open or reverted) if PMIA Loan has not been repaid in the <u>PMIA Loan Proceeds Sub-Fund</u> (<b>OR</b> record in the <u>Bond Proceeds Sub-Fund</u> if the loan has been repaid and Entry #13 has been done):</p> <p>TC 486 - Record Return of Operating Transfers Out Dr. 1140 Cash in State Treasury Cr. 9812 Operating Transfers Out</p>	Use Object Detail <b>626</b> . Use Subsidiary <b>nnnn0000</b> , where nnnn identifies the transferee fund to receive the transfer.
	<p><b>Record accrued interest due on PMIA loan on June 30th in the <u>bond expenditures sub-fund</u>:</b> <u>This entry is not reversed in the new year.</u></p>	
9	<p>Record accrued interest due on PMIA loan: TC 285 - Record Accrued Exp and Amount Due to Other Funds Dr. 9000 Appropriation Expenditures Cr. 3110 Due to Other Funds or Appropriations</p>	Use Object Detail <b>602</b> . This entry is only done for Revenue and self-liquidating General Obligation bonds.

EXHIBIT III-2 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

	<b>Record payoff of prior PMIA Loan with new PMIA Loan:</b>	
10A	<p>Record receipt in <u>PMIA loan proceeds sub-fund (new)</u>:</p> <p>(1) TC B02 - Record receipt of PMIA Loan              Dr. 1140 Cash in State Treasury (Use Object Detail 626)              Cr. 3610 PMIA Loans Payable</p> <p>(2) TC 481 - Record Operating Transfers Out              Dr. 9812 Operating Transfers Out              Cr. 1140 Cash in State Treasury</p> <p>(3) TC 010 - Record an Original Appropriation              Dr. 6120 Appropriations-Offset              Cr. 6110 Appropriations</p>	<p>The transfer includes the amount needed to pay off interest due on old loan. The SCO posts this as:              Dr. 5510 - Fund Balance-Appropriated              Cr. 6030 – Appropriations</p> <p>Use Subsidiary <b>nnnn0000</b>, where nnnn identifies the transferee fund to receive the transfer.</p>
10B	<p>Record payoff in <u>PMIA loan proceeds sub-fund (old)</u>:</p> <p>(1) TC 483 - Record Operating Transfers In              Dr. 1140 Cash in State Treasury              Cr. 9811 Operating Transfers In</p> <p>(2) TC B04 - Record Payoff of PMIA Loan              Dr. 3610 PMIA Loans Payable              Cr. 1140 Cash in State Treasury</p> <p>(3) TC 481 - Record Operating Transfers Out              Dr. 9812 Operating Transfers Out              Cr. 1140 Cash in State Treasury</p> <p>(4) TC 010 R - Record an Original Appropriation (Reversal)              Dr. 6110 Appropriations              Cr. 6120 Appropriations-Offset</p>	<p>This entry includes the amount to repay the principal and interest due on the old PMIA loan. Use Source <b>3nnnnn</b>. Use Subsidiary <b>nnnn0000</b>, where nnnn identifies the transferor fund making the transfer.</p> <p>This entry is for the amount of interest due on the old PMIA loan. Use Subsidiary <b>nnnn0000</b>, where nnnn identifies the transferee fund to receive the transfer.</p> <p>This entry offsets the amount recorded in Entry (3B).</p>

EXHIBIT III-2 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

10 C	<p>Record interest due on PMIA loan (old) in bond expenditures sub-fund:</p> <p>(Interest on General Obligation bonds that are not self-liquidating is paid by the General Fund.)</p> <p>(1) TC 483 - Record Operating Transfers In Dr. 1140 Cash in State Treasury Cr. 9811 Operating Transfers In <b>AND</b></p> <p>If not accrued:</p> <p>(2) TC B05 - SCO Payment of Interest Payable on PMIA Loan Dr. 9000 Appropriation Expenditures Cr. 1140 Cash in State Treasury <b>OR</b></p> <p>If accrued:</p> <p>(3) TC 262 – Record SCO Pay of Exp Prev Accrued as Due to Other Funds Dr. 3110 Due to Other Funds or Appropriations Cr. 1140 Cash in State Treasury</p>	Use Subsidiary <b>nnnn0000</b> , where nnnn identifies the transferor fund making the transfer.
<b>Record the sale of bonds in the <u>bond proceeds sub-fund</u>:</b>		
11A	<p>Record reduction of bonds authorized when bonds are sold:</p> <p>TC B07 - Reduce Bonds Authorized When Sell Bonds Dr. 2780 Provision for Unissued Authorized Securities Cr. 2774 Bonds Authorized-Unissued</p>	Optional. This entry is used only if Entry #1 was done.
11B	<p>Record an original appropriation:</p> <p>TC 010 - Record an Original Appropriation Dr. 6120 Appropriations-Offset Cr. 6110 Appropriations</p>	<p>The SCO records this appropriation setup by:</p> <p>Dr. 5510 - Fund Balance-Appropriated Cr. 6030 - Appropriations</p>
11 C	<p>Record receipt of monies from bond sale:</p> <p>(1) TC 112 - Record SCO Collection of Other Sources Dr. 1140 Cash in State Treasury Cr. 9830 Other Sources</p>	Use Source <b>520000</b> . This entry is for the <u>par value</u> of the bond. SCO may use GL 9839 instead of GL 9830.
	<p>(2) TC B08 - Accrue Premium/Interest on G. O. Bond Dr. 1140 Cash in State Treasury Cr. 3110 Due to Other Funds or Appropriations</p>	This entry is for the <u>premium</u> received on the bond sale that will be transferred to the General Fund.

EXHIBIT III-2 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

	(3) TC B08 - Accrue Premium/Interest on G. O. Bond Dr. 1140 Cash in State Treasury Cr. 3110 Due to Other Funds or Appropriations	This entry is for the <u>accrued interest</u> purchased at the time of sale that will be transferred to the General Fund.
	<b>Record transfer of premium and interest (recorded in Entries 11C and 11D) to General Fund in the <u>bond proceeds sub-fund</u>:</b>	
12A	Record the <u>premium</u> received on the bond sale that was transferred to the General Fund: TC B09 - Transfer Premium/Interest on G. O. Bond Dr. 3110 Due to Other Funds or Appropriations Cr. 1140 Cash in State Treasury	Optional. This entry is used only if Entry #1 was done.
12B	Record the <u>accrued interest</u> received on the bond sale that was transferred to the General Fund: TC B09 - Transfer Premium/Interest on G. O. Bond Dr. 3110 Due to Other Funds or Appropriations Cr. 1140 Cash in State Treasury	Optional. This entry is used only if Entry #1 was done.
	<b>Record repayment of PMIA loan - principal only (after bond sale):</b>	
13A	Entry for the <u>bond proceeds sub-fund</u> : TC 481 - Record Operating Transfers Out Dr. 9812 Operating Transfers Out Cr. 1140 Cash in State Treasury	Use Object Detail <b>626</b> . Use Subsidiary <b>nnnn0000</b> , where nnnn identifies the transferee fund to receive the transfer.
13B	Entries for the <u>PMIA loan proceeds sub-fund</u> : (1) TC 483 - Record Operating Transfers In Dr. 1140 Cash in State Treasury Cr. 9811 Operating Transfers In (2) TC B04 - Record Payoff of PMIA Loan Dr. 3610 PMIA Loans Payable Cr. 1140 Cash in State Treasury (3) TC 010 R - Record an Original Appropriation (Reversal) Dr. 6110 Appropriations Cr. 6120 Appropriations-Offset	Use Source <b>3nnnnn</b> . Use Subsidiary <b>nnnn0000</b> , where nnnn identifies the transferor fund making the transfer.  Use Object Detail <b>626</b> .

EXHIBIT III-2 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

	<b>Record payment of interest due on PMIA loan (after bond sale):</b> (Entries done for Revenue and General Obligation bonds that are self-liquidating.)	
14A	Entry for the <u>bond proceeds sub-fund</u> : TC 481 - Record Operating Transfers Out Dr. 9812 Operating Transfers Out Cr. 1140 Cash in State Treasury	Use Subsidiary <b>nnnn0000</b> , where nnnn identifies the transferee fund to receive the transfer.
14B	<p>Entries for the <u>bond expenditures sub-fund</u>:</p> <p>(1) TC 483 - Record Operating Transfers In Dr. 1140 Cash in State Treasury Cr. 9811 Operating Transfers In <b>AND</b></p> <p>If not accrued:</p> <p>(2) TC B05 - SCO Payment of Interest Payable on PMIA Loan Dr. 9000 Appropriation Expenditures Cr. 1140 Cash in State Treasury <b>OR</b></p> <p>If accrued:</p> <p>(3) TC 262 - Record SCO Pay of Exp Prev Accrued as Due to Other Funds Dr. 3110 Due to Other Funds or Appropriations Cr. 1140 Cash in State Treasury</p>	<p>Use Source <b>3nnnnn</b>. Use Subsidiary <b>nnnn0000</b>, where nnnn identifies the transferor fund making the transfer.</p> <p>Use Object Detail <b>626</b>.</p>
	<b>Record accrued SMIF interest earnings on June 30th in the <u>bond proceeds sub-fund</u>:</b> This is interest from investments in either the <u>bond proceeds sub-fund</u> or the <u>PMIA loan proceeds sub-fund</u> .	
15	Record accrued SMIF interest earnings: TC 176 - Record Amount Due From Other Funds - Revenue Dr. 1400 Due From Other Funds or Appropriations (SMIF) Cr. 8000 Revenue	Use Source <b>250300</b> . SCO may use Source <b>215030</b> .
	<b>Record collection of SMIF interest earnings on bonds in <u>bond proceeds sub-fund</u>:</b> This is interest from investments in either the <u>bond proceeds sub-fund</u> or the <u>PMIA loan proceeds sub-fund</u> .	
16A	If interest earnings were accrued (Entry #15): TC 135 - SCO Receipt of Due From Other Funds - Revenue Dr. 1140 Cash in State Treasury Cr. 1400 Due From Other Funds or Appropriations (SMIF)	Use Source <b>250300</b> . SCO may use Source <b>215030</b> .

EXHIBIT III-2 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

16B	Entry if interest has not been accrued: TC 136 - Record SCO Collection of Revenue (Not Billed) Dr. 1140 Cash in State Treasury Cr. 8000 Revenue	Use Source <b>250300</b> . SCO may use Source <b>215030</b> .
<b>Entries to record the pay down of a PMIA loan with Commercial Paper in the <u>PMIA loan proceeds sub-fund (7nn)</u>:</b>		
17A	Record pay down of PMIA loan: TC B04 - Record Payoff of PMIA Loan Dr. 3610 PMIA Loans Payable Cr. 1140 Cash in State Treasury	Use Object Detail <b>626</b> .
17B	Reduce current year expenditures being reimbursed by Commercial Paper:  (1) TC 481 - Record Operating Transfers Out (Category 14) Dr. 9812 Operating Transfers Out Cr. 1140 Cash in State Treasury <b>AND</b> (2) TC 486 - Record Return of Operating Transfers Out (Category 11) Dr. 1140 Cash in State Treasury Cr. 9812 Operating Transfers Out	Use Object Detail <b>626</b> . Use Subsidiary <b>nnnn0000</b> , where nnnn identifies the transferee fund to receive the transfer.  Use Object Detail <b>626</b> . Use Subsidiary <b>nnnn0000</b> , where nnnn identifies the transferee fund to receive the transfer.
17 C	Record transfer of cash from the Unallocated G.O. Bond Commercial Paper Fund (0656) to the <u>PMIA loan proceeds sub-fund (7nn)</u> : TC 483 - Record Operating Transfers In Dr. 1140 Cash in State Treasury Cr. 9811 Operating Transfers In	Use Source <b>306560</b> . Use Subsidiary <b>nnnn0000</b> , where nnnn identifies the transferor fund making the transfer.
17 D	Record appropriation adjustment for Commercial Paper: (1) TC 010 R - Record an Original Appropriation (Category 11) Dr. 6110 Appropriations Cr. 6120 Appropriations-Offset <b>AND</b> (2) TC 010 - Record an Original Appropriation (Category 14) Dr. 6120 Appropriations-Offset Cr. 6110 Appropriations	



EXHIBIT III-2 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

<u>ACCOUNTING EVENT</u>	<u>Bond Proceeds Sub-Fund</u>	<u>TRANSACTION CODE</u>		<u>PMIA Loan Proceeds Sub-Fund (7nn)</u>
		<u>Bond Expenditure Sub-Fund</u>	<u>PMIA Loan Proceeds Sub-Fund (5nn)</u>	
1. Bonds are authorized but not issued	B01 (optional)			
2. Record an adjustment to the original authorized amount				
A. Increase	B10 (optional)			
B. Decrease	B11 (optional)			
3. Record PMIA Loan				
A. Receipt			B02	
B. Appropriation			010	
4. Record appropriation expenditure authority		010		
5. Record encumbrances for future expenditures		211		
6. Record expenditures				
A. Claim schedule submitted; liquidate encumbrance		232 or 243		
B. Claim schedule submitted; no encumbrance		231 or 240		
C. Direct SCO payment; liquidate encumbrance		245		
D. Direct SCO payment; no encumbrance		242		
7. Record transfer of monies to cover expenditures in #6				
A. Transfers-Out	481 <sup>1/</sup>		481 <sup>2/</sup>	
B. Transfers-In or Reimbursement		483 or 118		

<sup>1/</sup> If PMIA Loan has been repaid and Entry #13 has been done.

<sup>2/</sup> If PMIA Loan has not been repaid.

EXHIBIT III-2 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

<u>ACCOUNTING EVENT</u>	<u>Bond Proceeds Sub-Fund</u>	<u>TRANSACTION CODE</u>		<u>PMIA Loan Proceeds Sub-Fund (7nn)</u>
		<u>Bond Expenditure Sub-Fund</u>	<u>PMIA Loan Proceeds Sub-Fund (5nn)</u>	
8. Record abatement of Expenditure				
A. If appropriation is reverted				
(1) Record SCO Receipt		152		
(2) Record return of Operating Transfers In		485		
B. If appropriation is open				
(1) Record SCO collection of abatements		116		
(2) Record return of Operating Transfers In		485		
C. If Appropriation is reverted or open				
(1) Record return of Operating Transfers Out	486 <sup>1/</sup>		486 <sup>2/</sup>	
9. Record Accrued Interest due on PMIA Loan on June 30		285		
10. Record payoff of prior PMIA Loan with new PMIA Loan				
A. Record receipt (New PMIA Loan Proceeds Sub-Fund)				
(1) Receipt of monies			B02	
(2) Operating Transfers Out			481	
(3) Appropriation			010	
B. Record payoff (Old PMIA Loan Proceeds Sub-Fund)				
(1) Operating Transfers In			483	
(2) Payoff			B04	
(3) Operating Transfers Out			481	
(4) Appropriation (Reversal)			010 R	
C. Record interest due on Old PMIA Loan				
(1) Operating Transfers In		483		
(2) Interest Payable (not accrued)		B05		
(3) Interest Payable (accrued)		262		

<sup>1/</sup> If PMIA Loan has been repaid and Entry #13 has been done.

<sup>2/</sup> If PMIA Loan has not been repaid.

EXHIBIT III-2 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

<u>ACCOUNTING EVENT</u>	<u>Bond Proceeds Sub-Fund</u>	<u>TRANSACTION CODE</u>		<u>PMIA Loan Proceeds Sub-Fund (7nn)</u>
		<u>Bond Expenditure Sub-Fund</u>	<u>PMIA Loan Proceeds Sub-Fund (5nn)</u>	
11. Record Sale of Bonds				
A. Reduce Bonds Authorized when Bonds sell	B07 ( <i>optional</i> )			
B. Record original appropriation	010			
C. (1) Par value	112			
(2) Premium	B08			
(3) Interest	B08			
12. Transfer of premium and interest from bond sale to GF				
A. Premium	B09			
B. Interest	B09			
13. Record repayment of PMIA Loan				
A. Operating Transfers Out	481			
B. PMIA Loan Proceeds Sub-Fund				
(1) Operating Transfers In			483	
(2) Payoff			B04	
(3) Appropriation (Reversal)			010 R	
14. Record payment of interest due on PMIA Loan				
A. Operating Transfers Out	481			
B. Bond Expenditures Sub-Fund				
(1) Operating Transfers In		483		
(2) If not accrued		B05		
(3) If accrued		262		
15. Record accrued SMIF Interest earnings on June 30th	176			
16. Record collection of SMIF Interest earnings				
A. Accrued	135			
B. Not accrued	136			

EXHIBIT III-2 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

<u>ACCOUNTING EVENT</u>		<u>TRANSACTION CODE</u>			
		<u>Bond</u> <u>Proceeds</u> <u>Sub-Fund</u>	<u>Bond</u> <u>Expenditure</u> <u>Sub-Fund</u>	<u>PMIA Loan</u> <u>Proceeds</u> <u>Sub-Fund (5nn)</u>	<u>PMIA Loan</u> <u>Proceeds</u> <u>Sub-Fund (7nn)</u>
17	Record pay down of PMIA Loan with Commercial Paper				
A.	Record pay down of PMIA Loan				B04
B.	Reduce current year expenditures				
(1)	Operating Transfers Out (Category 14)				481
(2)	Operating Transfers Out (Category 11)				486
C.	Record transfer of cash				483
D.	Record appropriation adjustment				
(1)	Appropriation (Category 11)				010 R
(2)	Appropriation (Category 14)				010

EXHIBIT III-2 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

BOND PROCEEDS SUB-FUND											
1140 Cash in State Treasury		1400 Due From Other Funds		2774 Bonds Authorized-Unissued		2780 Prov Unissued Auth Securities		3110 Due to Other Funds		6110 Appropriations	
8C	7A	15	16A	1	2B	2B	1	12A	11C(2)		11B
11C(1)	12A			2A	11A	11A	2A	12B	11C(3)		
11C(2)	12B										
11C(3)	13A										
16A	14A										
16B											
6120 Appropriations-Offset		8000 Revenue		9812 Operating Transfers Out		9830 Other Sources					
11B			15 16B	7A 13A 14A	8C		11C(1)				

EXHIBIT III-2 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

BOND EXPENDITURES SUB-FUND									
1140 Cash in State Treasury		3021 Claims in Process		3110 Due to Other Funds/Appns		6110 Appropriations		6120 Appropriations-Offset	
7B	6C		6A	14B(3)	9		4	4	5
8A(1)	6D		6B						6A
8B(1)	8A(2)								6C
10C(1)	8B(2)								
14B(1)	10C(2)								
	10C(3)								
	14B(2)								
	14B(3)								
6155 Encumbrances-Offset		9000 Expenditures		9811 Operating Transfers In		9891 Reverted Appropriations		8100 Reimbursements	
6A	5	6A	8B(1)	8A(2)	7B	8A(1)		7B	
6C		6B		8B(2)	10C(1)				
		6C			14B(1)				
		6D							
		9							
		10C(2)							
		10C(3)							
		14B(2)							

EXHIBIT III-2 (CONTINUED)  
BOND FUND ACCOUNTING ACTIVITIES WITH PMIA LOAN

**PMIA LOAN PROCEEDS SUB-FUND (OLD)**

1140 Cash in State Treasury		3610 PMIA Loans Payable		6110 Appropriations		6120 Appropriations-Offset		9811 Operating Transfers In	9812 Operating Transfers Out	
3A	7A	10B(2)	3A	10B(4)	3B	3B	10B(4)	10B(1)	7A	8C
8C	10B(2)	13B(2)		13B(3)			13B(3)	13B(1)	10B(3)	
10B(1)	13B(2)									
10B(3)										
13B(1)										

**PMIA LOAN PROCEEDS SUB-FUND (NEW)**

1140 Cash in State Treasury		3610 PMIA Loans Payable		6110 Appropriations		6120 Appropriations-Offset		9811 Operating Transfers In	9812 Operating Transfers Out	
10A(1)	10A(2)		10A(1)		10A(3)	10A(3)			10A(2)	

**PMIA LOAN PROCEEDS SUB-FUND (7xx)**

1140 Cash in State Treasury		3610 PMIA Loans Payable		6110 Appropriations		6120 Appropriations-Offset		9811 Operating Transfers In	9812 Operating Transfers Out	
17B(2)	17A	17A		(Cat 11)	(Cat 14)	(Cat 14)	(Cat 11)	17C	(Cat 14)	(Cat 11)
17C	17B(1)			17D(1)	17D(2)	17D(2)	17D(1)		17B(1)	17B(2)